



# Nebraska Sales and Use Tax Election for Contractors

FORM  
16

PLEASE DO NOT WRITE IN THIS SPACE

1 Do you hold, or have you previously held, a Nebraska Identification Number? ☐ YES ☐ NO If yes, give number \_\_\_\_\_ 2 Federal Employer I.D. Number \_\_\_\_\_ 3 County of Business Location \_\_\_\_\_ 4 For Department Use Only \_\_\_\_\_

NAME AND LOCATION ADDRESS			NAME AND MAILING ADDRESS		
Name or Doing Business As (DBA)			Name		
Street Address (Do not use P.O. Box)			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code

## (ELECT ONLY ONE OF THE FOLLOWING OPTIONS)

### OPTION 1 — TAX-FREE INVENTORY

☐

I hereby elect to maintain a tax-free inventory of those building materials intended to be annexed to real estate or used to repair property annexed to real estate. I will collect and remit sales tax on the total amount charged to the customer for a taxable construction or repair project. For a project where the contractor labor is exempt, I will collect and remit sales tax on the total amount charged for materials. I will pay sales or use tax on all tools and supplies used in the completion of the project. I will collect and remit sales tax on the selling price for over-the-counter sales.

My signature below states that I have elected to operate as an Option 1 contractor under the Nebraska Revised Statutes, and I am aware of the sales and use tax obligations associated with this election.

sign  
here

Signature of Owner, Partner, or Corporate Officer

Title

Date

( )

Telephone

### OPTION 2 — TAX-PAID INVENTORY

☐

I hereby elect to maintain a tax-paid inventory of those building materials intended to be annexed to real estate or used to repair property annexed to real estate. I will collect and remit sales tax on all construction and repair projects involving taxable contractor labor using the appropriate contractor labor percentage. I will pay consumer's use tax on all purchases, including building materials, when the applicable sales and use tax has not been paid. I will pay sales or use tax on all tools and supplies used by me in the completion of the project. I will collect and remit sales tax on the selling price of all over-the-counter sales.

My signature below states that I have elected to operate as an Option 2 contractor under the Nebraska Revised Statutes, and I am aware of the sales and use tax obligations associated with this election.

sign  
here

Signature of Owner, Partner, or Corporate Officer

Title

Date

( )

Telephone

### OPTION 3 — TAX-FREE INVENTORY

☐

I hereby elect to maintain a tax-free inventory of those building materials intended to be annexed to real estate or used to repair property annexed to real estate. I will remit consumer's use tax at the rate in effect at the time and place those materials are withdrawn from my inventory. I will collect and remit sales tax on all construction and repair projects involving taxable contractor labor using the appropriate contractor labor percentage. I will pay sales and use tax on all tools and supplies used by me in the completion of the project. I will collect and remit sales tax on the selling price of all over-the-counter sales.

My signature below states that I have elected to operate as an Option 3 contractor under the Nebraska Revised Statutes, and I am aware of the sales and use tax obligations associated with this election.

sign  
here

Signature of Owner, Partner, or Corporate Officer

Title

Date

( )

Telephone

Mail this form to: **NEBRASKA DEPARTMENT OF REVENUE, P.O. BOX 98903, LINCOLN, NE 68509-8903**  
Visit our Web site: **www.revenue.ne.gov** or call **1-800-742-7474** (toll free in NE and IA) or **1-402-471-5729**.

Please make a copy for your records.

## INSTRUCTIONS

**WHO MUST FILE.** All contractors, including nonresident contractors, must file an election and choose from three available options regarding how sales and use tax will be paid on their purchases of building materials and fixtures annexed to real property. Contractors who fail to select an option will be treated as a retailer under Option 1.

A contractor is any person who performs repair services upon property annexed to, or who annexes building materials to, real estate, or who arranges for such annexation. This includes, but is not limited to, building residential or commercial properties; erecting grain bins or farm buildings; repairing buildings, structures, or fixtures; the furnishing, installing, or repairing of heating, cooling, and electrical systems; remodeling homes or other properties; or installing carpeting or floor coverings.

Property is annexed to real estate or to other property annexed to real estate when either (1) the property becomes real estate, or (2) the property is attached to real estate, or to other property attached to real estate, and the installation or removal of the property requires specialized skills or tools and is performed or supervised by a recognized trade professional.

**WHEN AND WHERE TO FILE.** This form is to be mailed to the Nebraska Department of Revenue, P.O. Box 98903, Lincoln, Nebraska 68509-8903, within three months after beginning to operate as a contractor or repairperson.

**CHOOSING AN OPTION.** To elect the option under which you wish to operate, check the box next to the option chosen and sign on the signature line for that option. Please make a copy for your records.

If you need additional information regarding these contractor options, please review our notice titled: "New Sales Tax Laws Affecting Contractors" and our

contractor information guides. A detailed information guide on each option is available on the department's Web site: [www.revenue.ne.gov](http://www.revenue.ne.gov).

**CHANGING OPTIONS.** Contractors may change their option by filing another Form 16. However, contractors may not operate under more than one option at the same time. All jobs in progress at the same time must be under the same option.

Changes become effective on the first day of the next month when the Form 16 is received on or before the 15th of the month. If the Form 16 is received after the 15th of the month, the change becomes effective one month later. When a change becomes effective, it applies to all jobs, including those in progress.

Option 1 or Option 3 contractors that have a tax-free inventory and who are changing to Option 2 requiring a tax-paid inventory, must pay tax on all building materials and fixtures in inventory at the time the change is made. Documentation indicating the tax has been paid must be attached to the Form 16.

Option 2 contractors who have a tax-paid inventory and who are changing to Option 1 or Option 3, will receive a credit for the tax previously paid on their current inventory. The contractor must submit with the Form 16 adequate documentation detailing the amount of the credit.

**Note:** The contractor is **not entitled to a refund** of the tax previously paid on this inventory. Instead, the department will process a credit that will be placed on the contractor's account to offset future sales and use tax liabilities. This credit should not be used until it appears on the contractor's Nebraska State and Local Sales and Use Tax Return, Form 10.

**AUTHORIZED SIGNATURE.** This form must be signed by the owner, partner, or corporate officer. It may not be signed by an accountant or tax preparer unless there is a Power of Attorney on file with the Nebraska Department of Revenue.